

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts, unaudited)

	Three months ended July 31,		For the Years ended July 31,	
	2021	2020	2021	2020
OPERATING REVENUES:				
Cloud software and service revenue	\$ 3,787	\$ 1,567	\$ 12,416	\$ 6,279
Total operating revenues	<u>3,787</u>	<u>1,567</u>	<u>12,416</u>	<u>6,279</u>
OPERATING EXPENSES:				
Cost of services (exclusive of depreciation and amortization)	1,427	692	5,135	3,035
Selling, general and administrative expense	2,050	749	7,019	4,106
Legal and professional fees	177	234	894	642
Bad debt	8	14	17	(5)
Depreciation and amortization expense	545	148	1,749	613
Total operating expenses	<u>4,207</u>	<u>1,837</u>	<u>14,814</u>	<u>8,391</u>
OPERATING LOSS	<u>(420)</u>	<u>(270)</u>	<u>(2,398)</u>	<u>(2,112)</u>
OTHER INCOME (EXPENSE):				
Gain (loss) on derivative instruments	925	194	(9,935)	263
Gain (loss) on settlement of debt	213	(5)	560	129
Income tax benefit (expense)	(61)	11	(183)	33
Other income (expense)	(294)	116	(294)	116
Interest expense	(1,686)	(340)	(4,765)	(1,853)
Total other income (expense)	<u>(903)</u>	<u>(24)</u>	<u>(14,617)</u>	<u>(1,312)</u>
NET LOSS INCLUDING NONCONTROLLING INTEREST	<u>(1,323)</u>	<u>(294)</u>	<u>(17,015)</u>	<u>(3,424)</u>
Less: Net loss attributable to the noncontrolling interests	109	(11)	332	47
NET LOSS ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	<u>(1,214)</u>	<u>(305)</u>	<u>(16,683)</u>	<u>(3,377)</u>
Deemed dividend on Series A Convertible preferred stock	(5)	(19)	(20)	(19)
NET LOSS ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	<u>\$ (1,219)</u>	<u>\$ (324)</u>	<u>\$ (16,703)</u>	<u>\$ (3,396)</u>
LOSS PER COMMON SHARE - BASIC	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.13)</u>	<u>\$ (0.06)</u>
LOSS PER COMMON SHARE - DILUTED	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.13)</u>	<u>\$ (0.06)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	<u>137,950,308</u>	<u>90,792,574</u>	<u>129,411,947</u>	<u>53,883,966</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	<u>137,950,308</u>	<u>90,792,574</u>	<u>129,411,947</u>	<u>53,883,966</u>

See notes to consolidated unaudited financial statements

Reconciliation of Net Income (Loss) to Adjusted EBITDA - OPCO, Net of Non-cash expenses & Transactional Costs.				
NET LOSS ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS, as reported	<u>\$ (1,214)</u>	<u>\$ (305)</u>	<u>\$ (16,683)</u>	<u>\$ (3,377)</u>
EXCLUDING NON-CASH ITEMS TRANSACTIONAL COSTS & CORP EXP				
ADJUSTMENTS:				
Stock compensation & warrant expense	66	(5)	972	1,127
Corp Expenses net of stock compensation & Transactional cost	384	280	1,066	890
Legal and professional fees - transactional costs	326	175	815	370
Depreciation and amortization expense	545	148	1,749	613
Loss on derivative instruments	(925)	(194)	9,935	(263)
Bad Debt	8	14	17	(5)
OTHER ADJUSTMENTS				
Other income (expense)	294	(116)	294	(116)
Interest expense	1,686	340	4,765	1,853
Income tax	61	(11)	183	(33)
Less: Net loss attributable to the noncontrolling interest	(109)	11	(332)	(47)
Gain (loss) on settlement of debt	(213)	5	(560)	(129)
ADJUSTED EBITDA - OPCO	<u>\$ 910</u>	<u>\$ 342</u>	<u>\$ 2,221</u>	<u>\$ 883</u>
ADD-BACKS Expenses				
Corp Expenses net of stock compensation & Transactional cost	384	280	1,066	890
ADJUSTED EBITDA - Income (Loss)	<u>\$ 525</u>	<u>\$ 62</u>	<u>\$ 1,155</u>	<u>\$ (7)</u>